

*“Working for quality
and diversity in
British broadcasting”*



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Sustainable, independent and impartial news in the Nations, locally and in the regions – Response from the Voice of the Listener and Viewer

Voice of the Listener & Viewer (VLV) is an independent, non-profit-making association, free from political, commercial and sectarian affiliations, working for quality and diversity in British broadcasting and related on-line services. VLV represents the interests of listeners and viewers as citizens and consumers across the full range of broadcasting and related communications issues. VLV is concerned with the structures, regulation, funding and institutions that underpin the British Broadcasting system. VLV does not handle complaints

Introduction

Voice of the Listener & Viewer (VLV) has been campaigning for the continuance of high quality Public Service Broadcasting for over 25 years. We support plurality in the provision of public service broadcasting but not at the expense of the present licence fee arrangements. We welcome the opportunity to respond to this consultation which superficially is about the funding of *Sustainable independent and impartial news in; the Nations, locally and in the regions*. However VLV considers that the proposal raises fundamental issues about the funding of public service broadcasting and about accountability to the citizens of the UK in the use of the licence fee. In our response we have not been constrained by the questions posed in the consultation. We also use the phrase “top slicing” to refer to changes in the use of the licence fee, as proposed in this consultation document. We consider the term “top-slicing” to be the most accurate description of the government’s proposal.

There are four sections in our response

1. An expression of concern that the Consultation and subsequent ministerial statements seem to assume an outcome that supports top slicing of the BBC’s licence fee income.
2. A summary of the key points of principle that can be made against top slicing of the licence fee.
3. A reminder that this consultation appears to ignore the findings of another, relatively recent consultation that resulted in the 2006 BBC Charter renewal agreement and six year licence fee settlement.

4. Answers to the 8 Consultation questions

1. Concerns that the outcome of this Consultation is a forgone conclusion.

(a) The framing of most of the questions, the timing for responses (over the summer holidays), the time allowed for responses and a ministerial statement in the media, making a sharp pre-emptive criticism of the BBC's own response, suggest that the outcome of this consultation is regarded by government as a forgone conclusion. This impression is compounded by a title that fails to give the average citizen a clear indication of the subject of the consultation.

(b) "Contained contestable element" is the new term that government is using to describe the proposed top-slicing of the licence fee. We believe this term is wrong for two reasons.

Firstly we think that the term 'contestable' as applied to broadcasting (the view that public money for public services can or should be subjected to competitive commercial tenders) is not generally understood by UK citizens in the context of a debate about the use of licence fee money.

Secondly, we think that the qualifying adjective 'contained' selected by government itself, reveals a harder truth, namely that there is no logical reason for limiting or containing alternative claims on the use of the licence fee. Moreover, the idea that any commercial provider could supply public service programmes without an established public service ethos has not been researched or tested.

2. VLV is in principle opposed to any top slicing paid from the licence fee.

We make a number of principled arguments in the following section in defence of the integrity of the licence fee. This stand should not be taken to mean that we are uncritical of the BBC. We believe that our track record over the last 25 years indicates that we have been more than willing to make criticisms of the Corporation's services, procedures and systems when we believed this to be warranted e.g. recently over the failure to broadcast the Gaza appeal and management remuneration packages

VLV strongly opposed the inclusion of the funding for digital switchover as part of the licence fee settlement. This is not to underestimate the national importance of digital switchover but to state clearly that it is inappropriate to marry two essentially different objectives: funding the provision of the BBC's programmes and services, on the one hand, and, on the other, resourcing an infrastructure improvement plan which related not to the BBC alone.

(a) The great resource of the television licence fee has served the British public well for over half a century. It is the envy of the rest of the world as, in the main; it has produced high quality public service broadcasting and encouraged other broadcasters to compete with the BBC for quality. It is therefore the BBC rather than the commercial broadcasters that, whatever the current state of the economy or the media market place, can be relied upon to contribute to the cultural and democratic life of the country.

- (b) If the BBC is now forced to give up some of its resources to fund commercially provided local news this will lead to requests for help from all parts of the communications industry. As soon as it was suggested in a National Audit Office Report that there might be an under-spend on the £600 million help scheme, ring-fenced in the last licence fee settlement, we witnessed numerous requests for a share of the income to help parts of the communications industry. We consider that this proposal is intended to be the start of a process to open up the licence fee to fund public service programmes on other channels. If agreed it will be impossible to resist additional top slicing and the continual erosion of the income of the BBC. Permitting this proposal now would provide opportunities at a later date for mischief-makers to damage the BBC by making further demands for more cuts in the Corporation's income.
- (c) The licence fee is generally accepted by viewers because they can see a direct link between their payment and the programmes broadcast by the BBC. The activities of the BBC have in recent years extended into the internet and the digitalisation of television in the UK, but these are still the activities of the BBC, a public corporation in which the public continues to place a high level of trust.
- (d) These proposals would take control of the licence fee income away from the BBC Trustees and therefore break the link with the licence fee payers. It would no longer be used exclusively for BBC programmes and services. If that direct link was removed the licence fee would simply become another form of taxation and would quickly lose the support it has among the citizens of the UK.
- (e) Many will see this proposal as the licence fee subsidising commercial interests and their shareholders. In future the funds could be used by different commercial broadcasters. At best this might serve to increase public service production in order to meet short-term objectives, but with no obligation to continue doing so. The governance arrangements (mentioned at paragraph 22 of the consultation document) to ensure probity and that the public purposes of even the proposed trial do not appear to have been thought through.
- (f) If the Government considers that the BBC can do its job (including the digitalisation of TV) with less money, then it should be open and transparent about this with the British public, indicating what areas of activity it thinks should be cut.

Top slicing the BBC's income would set a precedent, starting a process which could fatally damage an institution admired around the world – a great British success story and one of the UK's most successful industries. It would weaken the BBC's ability to plan and make good programmes with no guarantee that such programmes would be made by anyone else. This would do licence fee payers - listeners and viewers - a grave disservice.

Rather than top slice the licence fee and damage the BBC the Government should investigate the other sources of income, such as industry levies, as ways of maintaining public service broadcasting on commercial channels.

3. This consultation appears to ignore the process that resulted in the 2006 BBC Charter renewal and six year licence fee settlement

We are aware that the Secretary of State can top slice the licence under the powers conferred on him by paragraph 75 (1) of the 2006 Agreement – the “Secretary of State shall pay to the BBC out of money provided by Parliament sums equal to the whole of the net Licence Revenue or such lesser sums as the Secretary of State may, with the consent of the Treasury, determine.” However this was one element in a complex 74 page agreement. It is right, and in the public interest, to maintain the integrity of the licence fee and the principle of accountability contained within it. This means ensuring that the disbursement of funds provided by licence-payers is carried out in a manner consistent with licence-payers’ expectations.

The new BBC Charter, the agreement between the government and the BBC, and the terms of the six year licence fee settlement, were the result the most widely publicised public consultation ever held on the future of the BBC. It was a thorough and lengthy consultation with the citizens of the UK. The entire process was predicated and overwhelmingly supported by the citizens of the UK on the basis that the licence fee was paid solely for the use of the BBC to enable programmes and digital material to be made available free at point of use. This current Consultation appears to ignore that process and its results. The procedures outlined at paragraph 22 of the consultation document are inadequate and another example of the rushed nature of this consultation. Any consideration of a complete change of policy on the use of the licence fee should await the next review of the BBC licence fee and be subject to a new, thorough, well-publicised public consultation with the citizens of the UK.

The current Consultation should be seen as short term and concerned only with the specific issue of the disposal of the, as yet unknown, under-spend of the £600m ring-fenced for the television Digital Switch Over (DSO) help fund. The funding of “Sustainable independent and impartial news; in the Nations, locally and in the regions” is only one path that might be considered

It is VLV’s view that the digital switchover money was earmarked for digital broadcasting so that any under-spend should either be returned to licence fee payers in the form of a reduction in the level of the licence fee or used for a similar digital communication project. For example, in the radio section of the final Digital Britain Report it is stated that there will need to be considerable expenditure on the transmission structure if Digital Radio broadcasts are to achieve the same coverage as the current analogue broadcasts. This could be the first use of any under-spend. It would benefit nearly all licence fee payers.

4. Responses to the consultation questions

1. Do you agree that securing plural sources of impartial news for the Nations, locally and in the regions should be a key priority?

In the light of ITV's withdrawal of major resources for regions and nations opt-out news, and given the financial difficulties currently faced by local newspapers, we believe that some element of public subsidy is desirable to maintain coverage of local democracy and the investigation and representation of local issues. We use the inadequate term 'local' here, generically, to include reference to devolved nations as well as to English regions. However, we are strongly opposed to the top-slicing of licence fee income for this purpose. If government sees this area as a priority then it must identify real, new streams of income to fund these services. The VLV supports plurality of public service provision but not at the expense of the present licence fee arrangements.

2. Do you agree that sustainable, impartial news in the Nations, locally and in the regions is likely to require some top-up public funding?

Yes, but not from the licence fee.

3. Do you agree that the Television Licence Fee should be used to support impartial news in the Nations, locally and in the regions in addition to BBC services?

No. See this response passim

4. Do you agree that any funding within a contained contestable element of the television licence fee not required for impartial news should potentially be available to fund other forms of essential public service content, or should such funding be limited to news?

No. See this response passim

5. Are there alternative funding mechanisms that you believe would deliver the above objectives more effectively?

Yes Rather than top slice the licence fee and damage the BBC the Government should investigate the other sources of income, such as industry levies, that have been suggested as ways of maintaining public service broadcasting on commercial channels.

6. Do you agree with the proposal to set a maximum percentage of Television Licence Fee revenue which could be set aside as a contained contestable element?

No. See this response passim and particularly section 2.

7. Do you agree that amending the BBC Agreement could provide the necessary protection to the BBC's future funding and independence?

No. See section 2 of this response.

8. Do you agree that the use of any contained contestable element within the Television Licence Fee should be restricted to the public purposes set out in the BBC Charter?

As we oppose top slicing in principle this question is not relevant to our response.

Conclusion

In taking the citizen interest as its mission and starting point, VLV has always argued a pluralistic case for UK public service broadcasting provision that is wider than the BBC. In that provision, however, the BBC range of programmes and services, together with the financial and resource security on which they depend via the licence fee, is undeniably the biggest single element. The BBC is the pride of the UK and the envy of countries around the world. These proposals, in VLV's view, threaten that vital asset; and do so without a thorough exploration of alternatives or an adequate debate about the social and cultural implications for our citizens.

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